

EX PARTE OR LATE FILED
LDDS METROMEDIA®
C O M M U N I C A T I O N S

May 5, 1994

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MAY 12 1994

FCC MAIL ROOM

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street NW
Washington, D.C. 20554


**Re: Notice of Ex Parte Presentation
CC Docket No. 92-77
Billed Party Preference**

Dear Mr. Caton:

On May 4, Scott Drake, Mitchell F. Brecher and I met with Richard Metzger, Kathleen Levitz, Roxanne McInvaine and James Schlichting of the Common Carrier Bureau to discuss LDDS' opposition to the Commission's billed party preference proposal. We also met with Karen Brinkmann from Chairman Hundt's office, James Coltharp of Commissioner Barrett's office, and Rudolfo Baca of Commissioner Quello's office. The attached outline summarizing LDDS' position was distributed during our meetings.

Sincerely yours,

LDDS COMMUNICATIONS, INC.


Douglas F. Brent
Associate Counsel

Attachment:

cc: Catherine R. Sloan
Mitchell F. Brecher
Scott Drake

DOUG\LTRS\CATON1

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LDDS COMMUNICATIONS, INC.'S OPPOSITION TO BILLED PARTY PREFERENCE

• **BACKGROUND**

- fourth largest IXC in the United States
- 90% of revenue from direct-dialed services provided to subscribers; 10% from "0+" calling
- issues proprietary calling cards to subscribers and originates interstate calling card traffic in 50 states
 - OnLine Card - national advertising started October 1993 - 700,000 issued
 - other calling cards including Metromedia cards in 14 or 13 digit format - 450,000 issued
- opposes BPP because:
 - will not provide benefits to LDDS' cardholders nor to LDDS "1+" customers, yet these customers may be forced to subsidize this massive (\$2 billion) expenditure
 - will not preserve the ubiquity of "0+" dialing
 - may degrade service to all callers
 - creates LEC bottleneck for "0+" operator assisted calls

• **BPP WILL NOT BENEFIT LDDS' CARDHOLDERS**

- LDDS cards are not in the CIID format today - reissuing required along with new "0+" dialing instructions
- LECs would intercept "0+" intraLATA calls dialed by LDDS cardholders - substantial price increases likely because LDDS cardholders do not pay a surcharge on intrastate calls today
- inevitably the costs for this enormous project must be recovered. Will all end users pay a portion? Which IXCs will pay? all access customers?

- **BPP WILL NOT PRESERVE THE UBIQUITY OF "0+" DIALING**
 - no effect on intrastate calls, including
 - interLATA (routed to PIC?)
 - intraLATA (routed to serving LEC?)
 - no effect on interstate intraLATA calls
 - will create unrealistic expectations of consistent call routing
- **BPP MAY DEGRADE QUALITY OF SERVICE**
 - increased call set up time
 - two operators on many calls
- **BPP CREATES LEC BOTTLENECKS FOR "0+" CALLS**
 - designed so LECs administer the databases and intervene in all "0+" calls
 - plan favors LEC calling cards. IXC's unable to issue line number based cards unless 14 digit screening is available. BPP will forge even stronger links between LIDB and non-tariffed billing services
- **EXISTING REGULATORY STRUCTURE FOR "AWAY FROM HOME" CALLING IS ADEQUATE**
 - 1) continued reliance on consumer education and IXC marketing which is successfully promoting alternative dialing patterns
 - 10XXX (AT&T, MCI, Sprint)
 - 1 800 Collect (MCI)
 - 1 800 Call ATT (AT&T)
 - 1 800 Operator (AT&T)
 - 1 800 741-9000 (LDDSMetromedia)
 - 950-0488 (Metromedia Preferred Calling Card)
 - 2) Commission may enforce existing unblocking and notice requirements while recognizing that some callers will always choose the convenience of "0+" dialing even when educated concerning alternatives and pricing
 - person to person (sent-paid) option still used by residential subscribers who could dial DDD
 - many subscribers do not want to utilize access numbers



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